

The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends.—James Monroe

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Evil Schemer

By Walter E. Myer

EACH one of us has an evil companion who follows us about, stands at our elbow, prompts us to unworthy thoughts and acts, gets in the way of our advancement, interferes with us at work and play, stirs up trouble between us and our friends, and keeps us from being as happy as we should. We all know him intimately and to our sorrow. We are ashamed of our association with him, and pretend that he has no influence over us. The name of this companion is Jealousy.

Jealousy is slinking and unattractive, and probably most of us would not make his acquaintance if it were not for his cousin, Ambition, a fine, upright fellow, whom we naturally like. The two cousins are frequently together, unfortunately, and it is through Ambition that we came to know Jealousy.

Ambition is always giving us good advice. He tells us to do our best at all times, to try to do really big things, to make something of our lives and our opportunities.

Then Jealousy steps in and suggests that we be on guard against some friend or neighbor. He says someone is getting ahead of us, is winning some prize or some recognition that we should have. He tries to make us dissatisfied with the rewards we receive.

He even prompts us to try to pull our friend down or to say something against him. He gets us so confused that we cannot keep our eyes on the goal that Ambition has marked out for us. He says we are fools to go ahead being happy over the progress we are making if someone else is going a little faster than we or has had some kind of success. He keeps prodding us until we really do lose the sense of enjoyment in our progress.

We begin to give too much attention to the rewards others are receiving. We grow bitter. We become unfriendly or unfair toward our friends. Then we make false steps in our own efforts. A runner looking over his shoulder to see how his rivals are doing is likely to lose the lead and fall back in the race. Overattention to the other fellow may throw one off the track.



Walter E. Myer

Here and there we find a person who is shrewd enough or wise enough to see through Jealousy's schemings. That person continues to associate with Ambition and to follow his counsel. He moves on, doing his best, rejoicing in his own progress. But he turns a cold shoulder upon Jealousy and refuses to worry about the successes of his friends. People who follow that course will have a great advantage throughout their lives over those of us who remain under the influence of an evil and undesirable companion.

It may not be easy for us to rid ourselves of Jealousy. Too often he takes advantage of us to encourage the worst side of our natures. A sense of humor and unselfishness, though, can help us banish him.



A PARADE of young people in Belgrade. They carry Marshal Tito's picture.

Yugoslavia's Plight

Western Powers Are Slow To Extend Country's Government the Aid It Needs Because of Its Avowed Communism

COMMUNIST Yugoslavia is trying to end the economic side of its cold war with the Western democracies.

An important trade treaty is being negotiated with Great Britain. Yugoslavia is making new efforts to get a big loan from the World Bank. Soundings are being made in Paris on the prospect of Marshall Plan benefits. Yugoslavia also is seeking private American bank loans and is expressing a desire for goods from the United States.

The reason for all this economic activity is pure self-interest. Marshal Tito, the chieftain of Yugoslavia, makes it quite clear that he is a Communist and intends to remain one. He wants goods, not political ideas, from the West.

In his latest speech on official policy, Tito emphasized his stand. Yugoslavia he said, is "not going toward capitalism" but is "building socialism and a better and happier future." However, he continued, Yugoslavia does want loans; he promised that the lenders would benefit, by being able to get Yugoslav goods.

If the Yugoslav effort to expand trade with the West is successful, it may establish a pattern for other Communist nations to follow. The British-Yugoslav treaty is regarded in Western diplomatic circles, at any rate, as a highly practical test of the chances for

real improvement in the relations between Eastern and Western powers.

Yugoslavia began serious negotiations with Britain about six weeks ago in Belgrade. The negotiations now are nearly complete. Some difficulty is developing, however, on arranging the amount of credit that Yugoslavia wants. The one-year experimental agreement, just expiring, worked reasonably well, and both sides were eager to consider a longer agreement.

Yugoslavia needs mining and road-building machinery, woolens, rubber and chemicals; Britain can supply many of these things. Britain, for her part, needs timber as well as grains, meat, tobacco; Yugoslavia has these. Under the treaty, \$600,000,000 to \$800,000,000 in goods is to be exchanged over the next five years; that is, each country is to ship \$300,000,000 to \$400,000,000 in materials to the other during that period.

Yugoslavia is not basing hopes for trade on the British negotiations alone, however. It is reported that Yugoslavia's newest effort to get a \$250,000,000 World Bank loan was undertaken early in July. The bank, set up by the United Nations to aid needy countries, lends money on a business basis where the security risk seems reasonable. No action was taken on previous requests, but Yugoslavia's

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Truman Stresses Role of Business

President Urges Expansion of Industry in Program for Avoiding Depression

PRESIDENT TRUMAN is changing his approach to the problem of keeping this country prosperous and out of depression.

In his mid-year economic report to Congress, the President urges business to create new jobs and produce more goods. To encourage business to do this, the President abandons ideas of big tax increases now. He puts more emphasis on the need for initiative by private industry and less on government controls.

These are important points in the presidential study of the uncertain economic situation, for they are intended to assure confidence. Worry over new taxes and fear of sharp government controls have kept a good many businessmen from going ahead with plans for new investments, for new factories, for new types of goods.

The President also wants increased wage, retirement and unemployment benefits for labor. He wants improved programs to guarantee farmer income. He wants to continue the public works programs for soil conservation, flood control and development of water power throughout the nation. If unemployment increases, the President proposes to expand these projects. Mr. Truman asks Congress to authorize advance planning of such projects now by both the federal and state governments.

In carrying out the public works programs, the President proposes to do so by deficit financing or government borrowing. Because business is declining, Mr. Truman is against imposing taxes now that would pay for the public works program. But also because business is declining, the President feels the program is necessary. It will, he says, keep many people employed. These people, employed with government funds, will

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SEIBEL IN RICHMOND TIMES DISPATCH

Yugoslavia and the West

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chances to qualify seem better now. Nevertheless, it will probably take six months or longer to complete negotiations.

Yugoslavia hopes, also, for loans from private American banks. She would like a \$15,000,000 loan soon, on a short-term basis, for purchasing machinery and manufactured goods in the United States. Bankers are considering this request seriously. They are inclined to wait, to watch political developments a bit longer, however, before deciding on an \$800,000,000 loan. Yugoslavia wants this large amount as a long-time credit, to be used in building new industry and in developing iron and coal mines.

In principle, there appear to be no barriers to Yugoslav membership in the Marshall program for European

The Yugoslav ambassador to Washington flew home to report to Marshal Tito. His report apparently was highly favorable. For Marshal Tito, after hearing the report, made his speech on policy, on Yugoslavia's desire for expanding trade.

At first, when the desire for trade was being merely hinted at in the press, there was considerable suspicion of Yugoslav motives. Western nations thought the break with Russia might be a trick. They were afraid that, after getting economic help from the West, Yugoslavia would turn back to full cooperation with Russia.

The Western diplomats still are somewhat suspicious. Yugoslavia's return to the Russian camp is always possible. The Slavic racial and Communist political ties are strong. There is something of the air of a family quarrel between the two Communist states, one that might be patched up after a while.

Nevertheless, the past 12 months have brought a steady widening of the Yugoslav breach with Russia. While remaining Communist, Yugoslavia has shown a determination to govern without dictates from Moscow. This show of independence helped in the trade negotiations with Britain. Western diplomats and economists say that a continuation of this independent attitude will be an important factor in decisions on further aid to Yugoslavia.

Politically, Greece may provide a test of Yugoslav relations with the West. The Greek government, supported by the West, has charged that Greek Communist rebels get help from Yugoslavia. Now Yugoslavia is maneuvering for a better position by trying to end the quarrel with Greece. Marshal Tito, in his policy speech, said Yugoslavia would close the frontier with Greece gradually, to cut off his country from the battle areas. In its newspapers, Yugoslavia has been hinting for some time at better relations with Greece. The Greeks seem to be taking these overtures of friendship favorably.

Yugoslavia had some hopes a few weeks ago of getting military equipment as well as manufactured supplies from the West. But the Western powers were not ready to consider military shipments. Yugoslavia is,



ROAD along the shore line at Dubrovnik, one of Yugoslavia's ports on the Adriatic Sea

after all, a Communist state, and the Western nations need all the armaments they can produce to build up their own defenses. Because of the West's reluctance, Tito now says he wants loans only for improving his country, that he does "not intend to buy guns."

On other issues, there still is difficulty. Yugoslavia is angry with the Western powers for refusing, with Russia, to give her a small slice of Austrian territory. Yugoslavia wants this territory because its people are chiefly Slovenes, a Yugoslav folk. Yugoslavia still hopes to get the disputed Trieste area of 430 square miles which was set up as a Free Territory in 1947 under the jurisdiction of the United Nations.

Chances Appear Good

Despite the many obstacles, and the biggest is the basic difference between the Communist and democratic ways of life, chances for Yugoslav economic cooperation with the West appear better than ever before.

Marshal Tito started the five-year plan of industrial and agricultural reform, for which he now needs Western goods, in 1947. He began establishing collective farms to modernize production, and intends to increase the number of these farms. More than 75 per cent of Yugoslavia's 14 million people earn their living by agriculture and forestry. First to benefit from the new farms, of course, were persons who had helped Tito fight the war.

Tito started to build houses and apartments for factory workers. He

began to expand mining and industry. Many observers say he has been highly successful in establishing harmony among his diverse groups—Serb, Croat, Slovene, Magyar, and Albanian. Thoroughly Communist in all of his program, Tito jailed his enemies and had some executed.

In his effort now to break out of the economic phases of the cold war, he is being watched with keen interest by the Western nations. If the effort is successful, it may show the way to expanded trade with other Communist nations.

A good many Western economists are convinced that a revival of trade with the East is necessary if there is to be real European economic recovery. Some indications that this important trade can be restored are beginning to appear now.

Russia, in the last month, has expressed a desire to negotiate new economic agreements with the West. Reports from Hungary, Bulgaria, Czechoslovakia, and other Communist countries regularly tell of the need for machinery and raw materials. Production is not advancing as rapidly as the Communist leaders would like.

Other Eastern nations, as well as Yugoslavia, may be influenced by these trade problems, and may turn to the West for the things they need, exchanging agricultural products which the Western nations require.

This prospect is looked upon with considerable caution by most Western diplomats. A good deal depends upon what Russia will permit. Then, too, the Western nations are determined not to do anything that could help communism spread beyond its present boundaries. That is why the economic negotiations in Yugoslavia are considered important. They are a test case of what can be worked out between East and West.

Rural Telephones

Under a bill passed by the U. S. House of Representatives, the federal government would encourage the construction of telephone lines in rural areas of the country by providing loans to build the lines at low rates of interest. Such loans are necessary because rural phone service is generally not profitable. The loans would be made to private corporations, to public agencies, and to cooperatives. They would be repaid over a period of 35 years and would carry an interest rate of 2 per cent. Today only one-third of the nation's rural households have telephones.



YUGOSLAVIA has jumped the corral

recovery. Yugoslavia refused, at Russian urging, to join the program when it began in 1947. If she chooses to accept the 1947 invitation now, seemingly she can do so. The question is being studied by Marshall Plan officials in Paris.

The way to all this economic turning to the West by Yugoslavia was cleared last year. Marshal Tito, until then a willing Communist collaborator, refused to follow orders from Moscow in governing Yugoslavia; Communist he was, but Tito, nevertheless, wanted to run his country in his own way.

Seeking to punish Yugoslavia for this attitude, Moscow ordered reprisals. Yugoslavia was removed from membership in the Cominform, the league of Communist states under Russian leadership. An economic boycott was applied. Yugoslavia could not get manufactured goods from Russia or from the Cominform countries. This lack of goods held back Yugoslavia's program to improve her economy. When the Cominform countries stopped shipment of military supplies, as well as manufactured products, the boycott became practically complete.

Forced to Act

Thus cut off from the East, Yugoslavia was forced to turn elsewhere. The country's newspapers started to talk about trade relations with the West. Yugoslav ambassadors felt out Western governments and businessmen; they sought to find out what the chances were for reopening trade channels.

The British and American Ambassadors in Belgrade flew to Paris and London to talk with Western officials.



MARSHES have been drained in Yugoslavia to give 35,000 acres of new farm land

Marshal Tito**Yugoslav Leader**

Few men have risen more quickly into world prominence than Marshal Tito, dictator of Yugoslavia. Six years ago he was virtually unknown as a public figure, even among close students of European affairs. Today he is recognized throughout the world as the leading political figure in the Balkans and as a Communist who—up to this time, at least—has openly and successfully defied the Cominform, international communism's ruling body.

The Yugoslav ruler's real name is Josip Broz. He was born about 1892 of peasant stock in a part of the old Austro-Hungarian monarchy that is today incorporated in Yugoslavia.

Broz fought against Czarist Russia in World War I, was captured, and turned to communism. Returning to his native land, he took up his old trade of metal worker but was soon arrested as a Communist conspirator. He spent several years in jail.

Little is known about his activities following his release from prison. Apparently he worked in the Communist underground for a number of years in various European countries. At this time he adopted the common Croatian nickname of "Tito."

When the Germans attacked Yugoslavia in 1941, Tito organized his partisan fighters. These underground armies kept more than a dozen German divisions tied up. Meanwhile, Tito and his followers strengthened their political grip on the country. After the war the monarchy was abolished, and Tito headed the Communist government that was set up.

It seemed likely that Yugoslavia would become one of Soviet Russia's most faithful satellites, but Tito pursued a course that was too independent for Moscow to tolerate. Last summer the Cominform bitterly condemned Tito, and the Communist lands of eastern Europe have been berating Yugoslavia. Tito has shown no indication that he will give in although he contends he is as strong a Communist as ever.

In his recent book "Behind the Curtain," John Gunther, who interviewed Tito last year, sets forth what he believes to be the leading personal sources of the Yugoslav dictator's power. Tito, says Gunther, "is a practical man . . . has courage . . . is proud, stubborn, and patient. . . . He has picked his assistants ably and he arouses intense devotion in them."



THE BALKAN COUNTRIES, in southeastern Europe, have had a long history of trouble and strife

Historical Backgrounds - - The Troubled Balkans

SUCH tension as exists today between Yugoslavia and her neighbors is an old story in the Balkans. National rivalries have long been acute on the mountainous peninsula that extends from the area of the Danube River southward to the eastern Mediterranean. Not without cause has the region been called "the powder magazine of Europe."

The peninsula gets its name from the chain of rugged mountains that rises close to the point where Rumania, Bulgaria, and Yugoslavia merge, and then curves eastward through Bulgaria to the Black Sea. These mountains, together with another great range which runs southward from Yugoslavia into Albania and Greece, have played a major part in shaping the character of the people.

The mountain barriers have made travel in the region difficult. Thus, over a long period of time, many groups have developed their own traditions and dialects, and a considerable number of small states have emerged in an area about the size of Kansas and Colorado combined. Like most mountain folk, the fiery natives of the Balkans are traditionally a liberty-loving people. The desire of these small groups to be independent has resulted in much strife.

New Ideas Shut Out

In many cases, the mountains have also shut out modern ideas. As a result, a feudal society with a comparatively few wealthy landowners and great numbers of poor peasants lasted longer in the Balkans than in most other parts of Europe. Although the last remains of this type of society are passing, poverty among the masses of the people is still widespread.

For several hundred years, the Balkans were ruled by the Turks. Striking westward across the Bosphorus, fierce Turk fighters seized Constantinople in 1453 and eventually dominated nearly all of the Balkan peninsula. Chafing under the harsh

Turkish rule, the mountain people frequently rebelled, but not until the 19th century was any substantial headway made in the fight for independence.

Then the Turkish power began to decline, and one national group after another achieved its freedom. In 1827 Greece, the earlier scene of one of the world's great civilizations, won its independence from Turkey. As Turkish authority waned further, other parts of the Balkans began to be more and more "on their own," although the Turks still claimed authority.

In 1877 a coalition of Balkan peoples combined with Russia to inflict a crushing defeat on Turkey. The peace treaty drawn up at the Congress of Berlin is an important document in Balkan history.

Among other things, the treaty gave Rumania its independence. Bulgaria was granted self-government, though the country was still, in name, under control of Turkey. Serbia and Montenegro were declared free and independent nations, and the two Turkish provinces of Bosnia and Herzegovina were placed under Austrian administration.

During the next 30 years or so, the boundaries set by the Congress of Berlin remained substantially unchanged, but national rivalries among the Balkan nations ran high. In 1908 Bulgaria declared her independence while Turkey was occupied elsewhere. Meanwhile, Russia, Germany, and Great Britain were actively competing for influence among the Balkan states, and the rivalries of the great powers further intensified national jealousies on the peninsula.

The growing tension finally resulted in the Balkan Wars of 1912 and 1913. The first conflict occurred when Bulgaria, Serbia, Montenegro, and Greece attacked Turkey and defeated her. When the victors could not agree on a division of the spoils, the second war took place. In this conflict most of the Balkan nations turned on Bul-

garia, defeated her speedily, and forced her to give up much of the land she had won in the first war. About the same time the Turkish province of Albania achieved its independence.

The Balkan Wars greatly increased bad feeling among the several states. Serbian resentment against Austria-Hungary was particularly strong. Serbia, backed by Russia, had great ambitions to become larger by adding to her territory certain Slavic areas, but Austria consistently opposed her.

In June 1914 the bitterness between Serbia and Austria-Hungary flared up in the assassination of the Archduke of Austria by a member of a Serbian nationalist group in the streets of Sarajevo, a city in Bosnia. That crime touched off World War I.

Wars Bring Changes

In the conflict that followed, Serbia, Rumania, and Greece fought with the Allies, while Bulgaria and Turkey sided with the Central Powers. In the peace settlement Rumania and Greece gained land at the expense of Bulgaria and Turkey. The Serbs realized their ambition for a larger state when Bosnia, Montenegro, and certain other areas were united with Serbia to form Yugoslavia.

During World War II, the peninsula suffered great destruction. Greece and Yugoslavia were invaded by Germany in 1941. Bulgaria and Rumania fought with the Axis. Albania, an Italian puppet since 1939, was occupied by Axis troops. Turkey, most of whose lands now lay outside Europe in Asia Minor, joined the Allies in the closing months of the war.

Today national rivalries are again strong in the troubled Balkans. Greece and Turkey, both of whom are backed by the United States under the Truman Doctrine, face hostile neighbors to the north. Meanwhile, the Soviet satellites of Rumania, Bulgaria, and Albania are putting economic pressure on Yugoslavia and the rebellious Tito.

—By HOWARD O. SWEET.



Marshal Tito

The Story of the Week

East Indies Oil

Although the Netherlands East Indies has been involved in much strife since World War II, it has managed to increase the output of one of its principal products—oil. Recent reports say that this year's production of oil will be 45 million barrels as compared with about 10 million only two years ago.

Most of the oil being extracted in the East Indies comes from sections of central and southern Sumatra, Java, and Borneo. Efforts are being made to increase the output of oil in New Guinea, where fairly large deposits were discovered not long ago.



TOURISTS in Europe are putting another "cartwheel" on Europe's economy

The main oil companies in the East Indies are Dutch and American. Among the latter are the Standard Vacuum Petroleum Company, Standard Oil of California, and the Texas Company. These firms operate both wells and refineries.

The Netherlands East Indies is believed to possess total petroleum deposits of at least one billion barrels. A great part of the current production of oil is sold to customers in the United States, though large quantities are also shipped to Australia, the Philippines, Burma, and Siam.

U. S. Trade

During the last 35 years, the United States has far outstripped the rest of the world in the amount of goods it sells to foreign countries. According to the Department of Commerce, the value of our sales between 1914 and 1949 was 270 billion dollars. This was much more than the value of goods sold by other nations to foreign customers.

The Commerce Department points out that our foreign sales during the last 35 years exceeded our purchases from other countries by 101 billion dollars. Other countries sold to American individuals and companies from 1914 to 1949 a total of 169 billion dollars' worth of goods.

Foreign customers were able to buy so much more than they sold us only by utilizing various financial devices. For instance, such countries as Great Britain and France dipped into their dollar and gold savings to purchase essential commodities from us. Other nations borrowed large sums of money from American banks. Many received outright grants from the United States government.

Some observers believe this excess of our foreign sales over our foreign purchases will continue for some time to come. As a result, they are of the opinion that the present shortage of dollars, especially in Western Europe, will not be overcome by the Marshall Plan. It is pointed out that so long as foreign countries buy from us more than they sell, they cannot obtain a sufficient amount of dollars with which to make purchases of essential products.

Europe's Opinion

The United States and the nations of Western Europe are engaged in many joint projects today. For example, we are aiding the recovery of Western Europe by means of the Marshall Plan. We have also joined 11 other nations in forming the North Atlantic Security Alliance.

Both these agreements, as well as others, were made between our government and those of the countries of Western Europe. But what do the people of these nations really think about them? What is equally important, do the people of Europe admire us or do they dislike us? What views do they hold regarding our behavior, our institutions?

In a recent survey conducted in the various countries of Europe, the Common Council for American Unity sought to obtain accurate answers to these questions. It interviewed more than 1,500 persons, each of whom is a noted European and understands the feelings of people in his particular country.

The Common Council reports that a majority of Western Europeans like Americans. They believe that we have been, on the whole, generous and friendly. They feel that we have done much to prevent the spread of communism.

At the same time, we are said to have serious faults. Many Western Europeans think that we are too "materialistic" and do not place enough stress on spiritual values. They believe that our foreign policy is not consistent—that is, we favor one line of action on one occasion and another in a subsequent crisis.

We are also accused of being "eco-



THIS WEEK wild ponies will be rounded up on Assateague Island, off the Virginia coast, and will be driven to nearby Chincoteague Island to be auctioned to the highest bidders. The roundup and sale are annual events on the islands. No one has yet discovered how the ponies got to Assateague originally, some 300 years ago.

omic imperialists." By this, Western Europeans mean that we would like to gain control of the economies of other nations and make them produce profits for our businessmen.

As a result of the Common Council's report, some American commentators propose that our government should improve its information program in foreign countries. They say that a serious effort should be made to counteract the false notions that other people have of us, though we should acknowledge our mistakes.

German Boys Town

Several religious organizations are running a Boys Town near Bremen, Germany. The "town" consists of almost 1,000 boys and girls in their teens. It is patterned after the famous Boys Town near Omaha, Nebraska.

Most of the youths in the German Boys Town, which is also called the Christian Youth Village, are orphans whose parents died during World War II. The town was established by a group of religious leaders several years ago. At that time, many children were found wandering aimlessly about the countryside. Many teen-

agers were being arrested for petty thievery and other offenses. Others were openly begging in the streets.

Every citizen of the Christian Youth Village is taught a trade. He also takes part in the town's "community activities." During the last year or so, these young Germans have established both an orchestra and a bi-weekly newspaper. They now also have a student government, including several courts. The courts have the power to try cases involving minor offenses against the town's rules.

German authorities are studying the possibility of setting up a number of other Boys Towns in their country. According to the latest estimates, there are about 200,000 children without homes in Western Germany alone.

TV Experiment

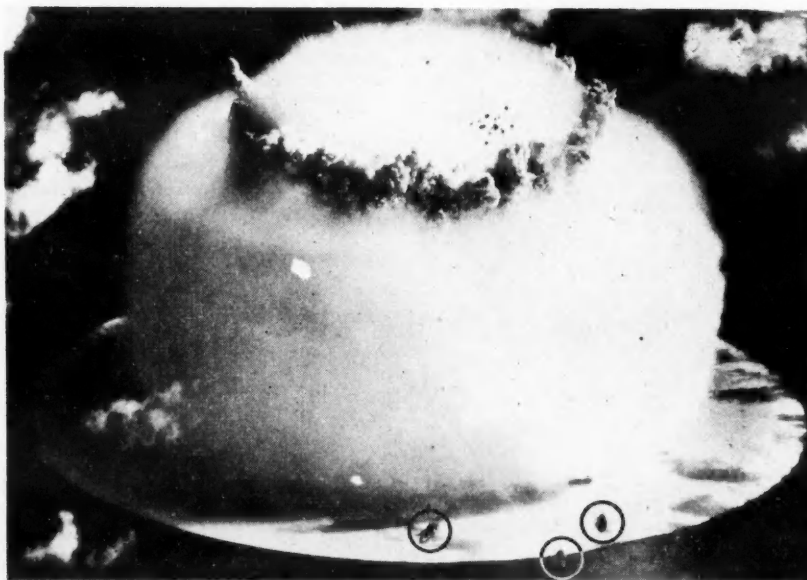
Hunter College in New York City and the Columbia Broadcasting System plan to conduct a regular college history "class" this fall over television. The purpose of the experiment is to see whether such a program holds any widespread interest for people with television sets and whether the "pupils" in a video class can learn as much as do students in an actual classroom.

The teacher for the class will come from Hunter's faculty. The subject matter of the course will be given by means of lectures, documentary films, and dramatizations of important historical events—all by television. Persons who pass the course may receive regular college credit for their work, though this has not yet been agreed upon.

Educational authorities consider the proposed class of great potential significance. They feel that, if it is a success, it may provide a way of expanding our educational system.

Europe's Laboratories

The UN Educational, Scientific, and Cultural Organization is trying to obtain funds with which to rebuild the scientific laboratories of Europe's colleges and universities. UNESCO recently surveyed the situation and



TODAY, July 25, marks the third anniversary of the tests with an underwater explosion of an atomic bomb at Bikini Atoll in the western Pacific. Circles in foreground indicate a few of the unmanned ships that made up a target fleet in the test.

found that many institutions cannot conduct certain courses in physics, chemistry and other sciences because they lack necessary laboratory equipment.

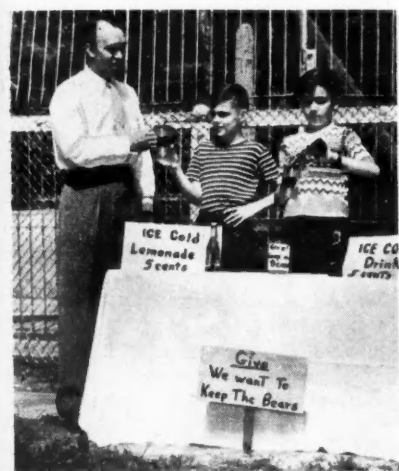
The apparatus in many of Europe's scientific laboratories was badly damaged by bombing and shelling during the recent war. In other institutions, the equipment was seized by Nazi soldiers and shipped to Germany. During the last few years, some scientific instruments and machinery have been replaced, but in a large number of colleges there is still a great shortage.

An example of the damage that was done in World War II is afforded at the University of Bordeaux. In the medical school of this great French university, the Germans smashed every piece of glassware that was found in the school's laboratories. Chemicals were ruined when water was put into their containers.

Another example is provided at the University of Caen, also in France, where more than 30 students now share one microscope. Before the war, the institution had several microscopes, but they were taken by the Nazis during the time they occupied French territory.

Public Employees

One out of every eight or nine workers in the United States is employed by a local or state government or by the federal government. This is the finding of the National Bureau



THE BEARS need a new cage, so young people of Decatur, Illinois, are selling lemonade and pop at stands all over the city to raise funds needed for the home.

of Economic Research, which has made a study of employment in this country since 1900.

According to the Bureau, the number of people on the public payroll between 1900 and 1948 increased five times as fast as did the number of persons employed by private industry. In 1900, there was one person in government service for every 24 in private employment. In 1920, there was one for every 15, in 1940 one for every 11. The ratio changed to about one out of every eight or nine by last year.

In the opinion of the National Bureau of Economic Research, the tremendous increase in the size of public employment is due, chiefly, to the large growth in government activity. For instance, we have today far more hospitals, roads, parks, and welfare organizations than we did in 1900. We also have such things as publicly fi-



PEOPLE OF SHANGHAI have already become accustomed to the rumble of passing tanks brought to the city by the Chinese Communist forces

nanced housing, unemployment compensation, and various projects to aid the farmer. These activities were virtually unknown in 1900.

Of course, this view of public employment is disputed by many persons. The latter argue that a good part of the increase in government employees was unnecessary.

They contend that most government bureaus could be reduced in size without harming their activities.

In addition to "social welfare" projects and other public services, there has been an increase in our military program. In 1900, the Navy and War Departments employed 160,000 civilian and military personnel. Today, our military establishment gives jobs to 2,300,000 (including men and women in uniform).

The National Bureau of Economic Research says that the growth in the number of public employees was almost as rapid in local and state governments as in the federal government. There are 3,400,000 persons working today at the local and state levels, compared with 3,300,000 employees on the staffs of federal departments and agencies.

Pacific Union

Nationalist China and the Philippine Republic want to form a Pacific Security Union to combat communism in the Far East. Chiang Kai-shek, leader of the Chinese Nationalists, and Elpidio Quirino, President of the Philippines, have issued invitations to five other nations to join in setting up the proposed alliance. The countries receiving invitations are Siam, Indonesia, Australia, New Zealand, and the Republic of Korea.

Chiang Kai-shek and Quirino met recently in the Philippines to discuss the spread of communism in Asia. They also talked about economic problems that face the countries of the Far East. Communists gain much of their influence when a nation is racked with poverty and discontent.

The proposed Pacific Union would coordinate the policies of its various members in fighting the growth of communism in the Far East. Eventually, it might also provide military assistance to any member country that was attacked by an outside power.

Observers thought that the United States and India would be invited to join the Pacific Union, but their names

were not mentioned in the announcement made by Chiang Kai-shek and Quirino. The U. S. government stated several weeks ago that such an alliance is "premature" at present. Prime Minister Nehru of India thinks that the best way to combat communism is to take measures against it within individual countries.

Federal Scholarships

The National Students Association is urging Congress to establish a federal scholarship program. It says that such a program is necessary to enable large numbers of capable high school graduates to obtain a college education.

Under the association's proposal, Congress would appropriate money for 300,000 scholarships a year. Persons awarded scholarships would be required to maintain satisfactory records if they wished to be assisted during their second, third and fourth years in college. The total cost of the program would be about \$150,000,000 every 12 months.

The program suggested by the student group is somewhat similar to the proposals recently made by a number of nation-wide educational organizations. The National Education Association, for instance, has also advocated a federal scholarship program, though it has not yet decided how many scholarships should be granted. Other groups have asked Congress to

provide for anywhere between 200,000 and 500,000 scholarships each year.

The National Students Association consists of 750,000 members on 306 college and university campuses. It is a non-communist student group and it has been endorsed by many educational leaders.

The Hiss Case

Although the trial of Alger Hiss for perjury (lying under oath) ended several weeks ago, there is still much discussion of its merits in the press and on the radio. Some observers contend that the judge, Samuel H. Kaufman, showed favoritism toward Hiss. Others assert that the judge was impartial and followed the law scrupulously.

Because the jury could not agree as to whether Hiss was innocent or guilty of the charge against him, the trial was concluded without a verdict. As a result, a second trial must now be held.

Under the charge brought against him, Hiss was accused of lying when he said that he never gave important State Department documents to Whitaker Chambers. According to the government, Hiss did turn over government secrets to Chambers, who then transmitted them to a Russian agent. Chambers has admitted that he was a Communist for many years. He says that he quit the party around 1939.

Because Judge Kaufman refused to permit the prosecution to present certain testimony, a number of congressmen demanded that the conduct of the trial be investigated. They asserted that Judge Kaufman's behavior on the bench had influenced several jurors and that he was thus responsible for the fact that the jury could not agree on a verdict.

No congressional investigation of Judge Kaufman has yet been ordered. Indeed, it is unlikely that one will be held. The request for such an inquiry has been criticized by lawyers and by other people. They argue that it is improper for anyone to demand an investigation just because he does not agree with a judge's handling of a particular case. They further argue that if an inquiry were held every time a judge conducted a trial involving controversial issues, as did the Hiss trial, the judiciary would soon lose its independence.



THE BOURNE WHALING MUSEUM in New Bedford, Massachusetts, has exhibits that show in detail how whales were caught during the last century



COUNCIL OF ECONOMIC ADVISERS, the President's chief counsellors in economic fields. Left to right they are: Dr. Edwin G. Nourse, Chairman; Leon H. Keyserling, and John D. Clark. They make a continuous study of business conditions.

Anti-Depression Program

(Concluded from page 1)

buy goods from private industry. In that way, people in private industry will be able to keep working.

It has been estimated, the President said in a nation-wide radio talk, that every billion dollars spent in public works gives direct employment to 315,000 people, and indirect benefits to 700,000 more. Present public works expenditures are about three billion dollars a year. That means, by the President's figures, that about a million people have jobs they might not have otherwise; and over two million people are getting benefits indirectly.

The idea of borrowing money for these public works projects and paying for them later, when prosperity is assured, is attacked by the President's critics. These critics want an economy program, a curtailment of government expenditures to correspond with government income. To do this now, the President says, would be "economic folly."

In January, Mr. Truman proposed a budget for government spending of about forty billion dollars. Taxes already in force, and the new ones he wanted then, would have provided revenue to pay for these proposed expenditures. Now, without the new taxes, the government faces a deficit of four, possibly five billion dollars. Congress may reduce this amount by cutting allotments to the various government bureaus. Mr. Truman is opposed to this.

"At a time when employment is already lower than it should be, cutting government expenditure would cause more unemployment," according to the President. His critics, he said, are the "selfish interests" who always oppose government programs to improve social conditions for the whole country.

One of these critics, Senator Harry F. Byrd of Virginia, holds that the President's fiscal program "is the certain road to ruin."

"If the President is successful in plunging this country into a new indefinite era of deficit spending," Senator Byrd declared in Congress, "the inevitable result will be impairment of the solvency of the dollar which, if it should occur, will be a disaster of the first magnitude, not only to

the people of America but to all the world." Senator Byrd believes that economies can be made in the government, that billions of dollars can be saved "without impairing essential functions."

These criticisms are likely to continue. Even so, Mr. Truman's new approach to business is expected to help encourage industrial expansion, one key to prosperity. Business generally is pleased with changes the President has made in his economic program from six months ago.

The report, says the *New York Times*, tends to "encourage business," and "in its general tone, it breathes the wholesome spirit of free enterprise." Mr. Truman acknowledges, says the *New York Herald Tribune*, that "the strengths in our economy are to be found more in private activity than in governmental prescription." The President "emphasizes the present need for business stimuli instead of restrictive controls," says the *Washington Post*.

President Truman, in his report, makes two main series of recommendations of special interest to business. The first is concerned with taxes and credit, the second with the means for increasing trade.

First, the President recommends that "no major increases in taxes should be undertaken at this time." In January he had asked Congress to increase taxes by four billion dollars. The taxes would have been taken mostly from profits of corporations.

In the second of his tax and credit recommendations, Mr. Truman urges that business be given a longer time to pay back money borrowed from the government. Both big and small business, insurance companies and banks have borrowed billions from one government lending agency, the Reconstruction Finance Corporation, since it was established in 1932. Under the present law, the RFC would end its lending activity in 1954.

The RFC will seek to support business activity by its loans, the President states, and will focus attention in areas where unemployment has become serious. Government policy, Mr. Truman adds, is to encourage private banks also to increase lending. Six months ago he favored controls on credit.

As the third among the tax-money proposals, the President asks Congress to repeal the three percent tax on shipment of freight. This tax adds to the cost of doing business; its repeal would save industry about 370 million dollars a year. To make up for this loss of tax revenue, the President proposes to increase taxes on estates and upon large gifts of money or property.

Fourth, Mr. Truman recommends that Congress make it easier for corporations to adjust business losses. He would liberalize present laws so that corporations losing money, say, in 1949, could enter some of the loss in 1950, if that year were prosperous. By splitting losses over several years, corporations would have the chance to reduce income taxes if one year were highly profitable and the others less so.

In the other main field of his recommendations for business, President Truman proposes:

1. A survey of the needs and opportunities for business to expand, as a guide for industrial planning;

2. Legislation to provide technical help to underdeveloped areas abroad and to encourage business investment in such areas;

3. A revival of the Reciprocal Trade Agreements Act. This act was first adopted in 1934. It is designed to foster foreign trade, and to see to it that the trade is carried on fairly, with advantages both to the United States and to the foreign countries cooperating.

Along with these proposals to encourage industrial activity, President Truman retains recommendations in previous reports for help to labor and to the farmer.

For labor, the President wants the minimum hourly wage raised from 40 to 75 cents an hour. He would increase the amount of weekly payments to the unemployed and extend these payments over a greater number of weeks than they now cover. He would extend for another year the time for veterans, who are not eligible for state unemployment payments, to claim veterans' allowances. The President also asks for larger old-age pensions; he wants, too, to make more people eligible for these pensions.

For agriculture, Mr. Truman asks Congress to continue and to improve legislation for guaranteeing farmers' income. This would carry on the policies begun under President Roosevelt in 1933 and developed extensively since then.

In January, the country still was in a period of considerable inflation. That is, prices were high, earnings were high, employment was high, production was high, farm income was high. The post-war boom was still going on as people scrambled to get automobiles, ice-boxes, washing machines, and other goods that had been hard to obtain throughout the war.

The situation has, however, changed. Unemployment is high, nearly four million. Production is down. Farm income is somewhat uncertain. Economists do not consider the situation critical yet. They see the possibility, however, that a continuation of the trend will lead to a real depression for the nation unless prompt and adequate measures are taken.



THESE CARTOONISTS do not believe the threat of depression is great. Today's unemployment is small compared with that the nation had in the 1930's, and high wages plus a backlog of buying power guard against depression. Many observers, however, believe the present situation may become critical and favor action by the government to ward off any serious difficulty.



Study Guide

Anti-Depression

1. What does President Truman want business to do to help avoid depression?
2. How does the President seek to encourage business?
3. Aside from acting to help business, what steps does Mr. Truman want the government to take to maintain prosperity?
4. For what suggestion in his economic program is the President being criticized?
5. How does the President answer this criticism?
6. List three of President Truman's proposals that are of greatest interest to the business world.
7. In what principal ways does the economic picture differ today from what it was in January?

Discussion

1. Do you believe the government should continue public works programs? Why or why not?
2. Do you think the President's program will or will not benefit your community? Give your reasons.

Yugoslavia

1. List three steps Yugoslavia is taking to try to strengthen her trade with the Western powers.
2. In seeking to build up this trade, does Marshal Tito indicate that he wants to turn away from communism?
3. Discuss briefly Tito's relations with the Soviet Union during the past year.
4. What charges has the Greek government made against Yugoslavia in its contacts with the Greek rebels?
5. What has Tito said Yugoslavia would do about this Greek situation?
6. How has Yugoslavia been disappointed in postwar negotiations concerning Austria and Trieste?
7. In what way might trade with Yugoslavia benefit the West?

Discussion

1. In your opinion should the United States lend Marshal Tito's government money for agricultural and industrial improvements? Give reasons for your answer.
2. Do you think the Western powers should resume their trade with Yugoslavia? If you think they should, what restrictions, if any, should be put upon the trade? Explain your answers to both questions.

Miscellaneous

1. To what extent has the Netherlands East Indies increased its output of oil during the past two years?
2. According to the Common Council for American Unity, what are some of the opinions commonly held by Western Europeans about Americans?
3. Describe the experiment that Hunter College and the Columbia Broadcasting System are to undertake this fall.
4. Compare U. S. sales and purchases abroad during the period from 1914 to 1949.
5. What kind of organization do Chiang Kai-shek and Elpidio Quirino want to form?
6. With what troubles has Hawaii had to cope recently?
7. What incident that took place in the Balkans helped to start World War I?

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Pronunciations

Montenegro—mōn'ti-nee-grō
 Tito—tee'toh
 Josip Broz—yo'sip broz'
 Bosphorus—bōs'puh-ruhs
 Sarajevo—sah'rah'yeh-vo
 Elpidio Quirino—el-pee'dyo kee-ree'no



AMERICAN CITIZENS ALL. These young Hawaiians show the racial groups represented in their island homeland. They are natural-born U. S. citizens, but they count among their ancestors Japanese, Korean, Chinese and English people.

Troubles of Hawaii

Will the Longshoremen's Strike Influence in Any Way the Islands' Chances of Becoming Our 49th State?

MANY people are wondering what effect the prolonged strike of longshoremen in Hawaii will have on the islands' efforts to become the nation's 49th state.

The strike got underway in May after the men who load and unload the cargo-ships had asked a 32-cents-an-hour wage raise to make their pay equal to that of longshoremen on the U. S. Pacific coast. The employers had refused to grant a raise of more than 12 cents an hour. Thereafter, the longshoremen refused for the duration of the strike to load or unload goods on ships in Hawaiian ports. They made an exception for certain relief supplies.

As a result of this situation, the islands' economy suffered badly. Many business firms curtailed operations, while the tourist trade dropped by 35 to 50 per cent. Shipments of sugar and pineapple piled up in warehouses. At the same time, a shortage of foods and other products that are customarily shipped into the islands created a considerable amount of hardship for Hawaiian residents.

The strike caused bitter feeling in Hawaii. Some people charged that it was instigated by Communists, who—so they claimed—played a leading part in the longshoremen's union headed by Harry Bridges. Others insisted that the real issue of the strike was wages and that the charges of communism were to a large degree a "smoke-screen" to hide the basic issue.

There was also widespread disagreement as to the effect that the strike would have on the territory's attempt to achieve statehood. Some said that only full statehood would solve such problems as those posed by the strike, and predicted that U. S. legislators, recognizing this fact, might in the future look more favorably on the islands' bid to become a state. Others, however, thought that the raising of the Communist issue might result in a setback to Hawaii's aspirations for statehood.

Lying about 2,400 miles from San Francisco, the islands that have been the subject of such controversy are sometimes called "the crossroads of the Pacific." Most of the shipping lanes between America and the Far

East converge near Hawaii. There are many islands in the group, but only eight are inhabited.

Hawaii's temperate climate and fertile soil are especially favorable for growing fruit and vegetables. Sugar cane is the chief crop, while the islands produce 90 per cent of the world's pineapple. The tourist trade also makes a major contribution to Hawaii's income.

Many nations have contributed to Hawaii's population. In addition to the native Hawaiians—a South Sea Islands people—there are large numbers of Japanese, Chinese, Portuguese, Filipinos, and Americans. Native Hawaiians and persons who were citizens of the Republic of Hawaii are now American citizens.

A U. S. territory since 1900, Hawaii now has a population of more than half a million. The islands make their own laws through a two-house legislature. Hawaii is also permitted a delegate in the House of Representatives at Washington. He can speak on the floor of the House, but does not have the right to vote.



A REGION known as the Algoma Bush country, in central Canada, is teeming with prospectors who are searching for uranium deposits. The Geiger counter, held by the man who is stooping, is used to detect veins of the uranium-bearing pitchblende—the ore the prospectors want to find. Claims are being staked out in the area.

Science News

Summer tourists in the West are marvelling at a spectacle of nature that was created in about the year 50,000 B. C. The spectacle is a crater gouged out of the earth by a huge meteor. Scientists estimate that the meteor weighed approximately 10 million tons when it struck. Men have been interested in the mile-wide crater since it was first noticed in 1871. Then it was thought that the phenomenon was caused by a volcano. Later studies have shown, though, that a meteor was responsible for it. Eventually, the persons who own the land where the crater is located may uncover the meteor and mine the iron of which it is made. At present, they are letting the public visit the area—near Two Guns, Arizona—to see the imposing spectacle.

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An agency of the United Nations—the UN's Scientific Conference on the Conservation and Utilization of Resources—reports that fish farming can help relieve food shortages in Asia. Swamp areas and unused land not suitable for growing vegetables can be adapted as fishing grounds. Rice paddies can also be used for breeding fish—and this breeding increases the yield of the rice crops. Many technical difficulties remain to be solved.

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While the full extent of Italy's oil deposits is not yet known, the Italian people are rejoicing over the discoveries of oil in the Po Valley. The discoveries are both a scientific and an economic victory. For many years, oil men have searched for petroleum in the valley. Large deposits of methane gas in the area led them to believe that oil was nearby. Economically, the discoveries will help the country cut down on its imports of petroleum products. And the use of oil and gas for fuel, lighting, and power will relieve the demands on the country's hydro-electric facilities. The hydro-electric resources have been severely taxed by the industrial program being carried out by Italy.

—By CARRINGTON SHIELDS.

Should We Abolish the Electoral College?

Two Members of Congress Debate the Issue in the Rotarian Magazine

(The following digests of articles appearing in the Rotarian for July, 1949, are presented by THE AMERICAN OBSERVER through the courtesy of the Rotarian.)

"Yes!" Says Henry Cabot Lodge, Jr., U. S. Senator from Massachusetts.

The present indirect system of electing the President and Vice President of the United States is not fair, honest, accurate, certain, or democratic. The electoral college is at fault and it should be abolished. In its place, we should have a system under which the electoral vote for these officers is counted in accordance with the popular vote.

Today's electoral college is based on the 18th century idea that the President was to be elected by outstanding citizens of the states. The people were not trusted to choose their own President directly. The system has not worked out as it was planned. The electors have become mere automatons and the electoral college has given rise to a whole series of defects.

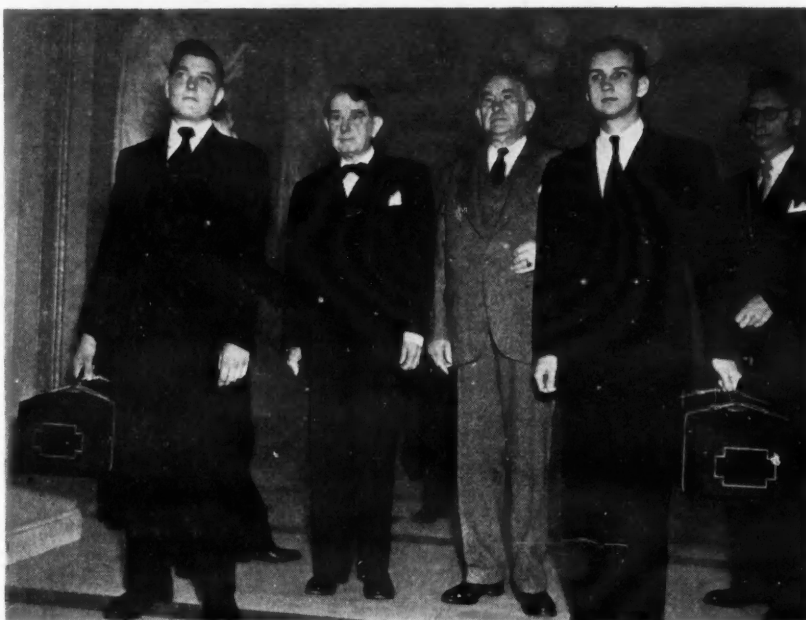
The first of these lies in the "unit rule" that gives the winner in each state all the electoral votes regardless of the number of popular votes that may have been cast against him. Last fall in New York, where 6 million persons voted, Governor Dewey ran only 60,000 votes behind President Truman. Yet Mr. Truman received all the state's 47 electoral votes.

A second defect is the fact that the electoral system makes it possible for a candidate who runs second in the tally of popular votes to be named President. This situation has occurred three times—in 1824, in 1876, and in 1888. Should it happen again, civil strife such as was threatened in 1876 might result.

A third defect lies in the method provided for breaking deadlocks when no candidate obtains a majority of the electoral votes. The Constitution provides that, in such case, the election shall be decided by the House of Representatives where each state is to have one vote. This rule might allow 25 small states, with only 89 of the 435 members in the House, to control an election.

A fourth defect is the fact that the system encourages fraud. There is strong temptation for political bosses in pivotal states to rig an election when a few votes will tip the entire balance in favor of one candidate or another.

The reform that seems best—and one that is now before the Senate—proposes an amendment to the Constitution establishing a direct system



SENATE PAGE BOYS delivered the electoral college votes to Congress for a final counting in January. With them were Senator Kenneth McKellar of Tennessee and Alben Barkley of Kentucky, now U. S. Vice President. Should changes be made in the electoral college system by an amendment to the U. S. Constitution?

of electing the President and Vice President. The electoral vote would be retained as a counting device. Each state would, as it is at present, be entitled to electoral votes equal in number to the total of its Senators and Representatives.

Each candidate would be credited with his share of the electoral votes as determined by the portion of popular votes he received. The presidential candidate receiving the highest number of electoral votes would be President. The Vice President would be named according to the same procedure. In case of a tie in the electoral vote, the election would be directly determined by the popular vote.

A question often asked about this proposal is: "Wouldn't it encourage the formation of many little parties?" The answer is "No!" We have direct elections for most officials, and we have never been greatly bothered with the forming of new parties. Indeed, this amendment should greatly reduce the present weight of splinter parties. It would deprive them of the bargaining power they now possess by virtue of their ability to swing all the electoral votes of key states to one major candidate or the other.

Then, "Would the proposed change take away from the states some of their political power?" The reply, again, is "No!" The states would still have the right to specify the qualifications of their voters and the manner in which votes shall be cast.

Some opponents claim the plan does not go far enough, that all reliance on the electoral system should be set aside and the President and Vice President should be elected by nation-wide popular vote. Adoption of this proposal would blot out state lines. Georgia, for example, has an 18-year-old voting age. To stand on an equal footing with Georgia, all other states would have to lower their voting ages.

Finally, there are those who argue that the electoral college has always been a part of the Constitution and we should be reluctant to abolish it. The history books answer that argument. Reform is needed now if we are to avoid the crisis that must come sooner or later under the present system.

"No!" Says Wright Patman, U. S. Representative from Texas.

The democratic system of electing a President and Vice President has worked well for 160 years. Any change should be weighed in all its implications.

The electoral college has been modified by custom, practice, and law. It is an entirely different instrument from that conceived by the fathers of the Constitution, but it functions successfully in representing the opinion of the country as a whole. Only three times have candidates been chosen for President who did not receive at least a plurality of the popular vote. Exceptional circumstances controlled each of these cases, so none is significant in considering the electoral college system.

The present system, under which the candidate receiving a plurality of the popular vote in a state is credited with all that state's electoral votes, has worked to maintain a balance of power between the more populous states and the others. Our entire system of government is based on the belief that minority influences as well as those of the majority should be given recognition.

Some modernization in the operation of the electoral college is desirable. There should be no lag between the casting of the popular vote and the meeting of the electoral college. Perhaps the actual meeting of the electors could be eliminated. These formalities are outdated. The system is not.

The amendment Senator Lodge proposes has dangerous and far-reaching implications. It would lead to the destruction of our two-party system. We have had 105 splinter parties in the United States in the last 160 years. Some have elected one or more members to Congress or have nominated a presidential candidate. But none has ever elected a President. The two-party system has prevailed.

Under the proposed amendment, we could expect to see the rise of many new parties. Some would inevitably receive electoral votes. They would thus be encouraged to redouble their

efforts to gain popular support and they would be insistent in their demands for a voice in the government. France shows what happens to democracy when it must struggle with a multiplicity of parties. An integrated program of government cannot be developed, and leadership is tossed back and forth between a succession of premiers.

Voting under the proposed change would become a national question and candidates and electors alike would turn increasingly to the federal courts for protection. A few court decisions in favor of minority parties could easily be followed by federal supervision of elections.

The amendment will increase rather than reduce the possibility of a candidate's winning an election with a minority of the popular vote. An electoral vote in the South might represent only 40,000 popular votes, while one in the North might represent 110,000 popular votes. A candidate who received many of the electoral votes representing relatively few popular votes might win over one whose electoral vote represented a larger number of actual votes.

Supporters of the proposed change contend it would eliminate the "lost" popular votes—those cast for the losing candidate in each state. The "lost" votes would simply be transferred from the state to the national level. In any election, a vote for the losing candidate is in effect a "lost" vote.

The provision that the President be selected on the basis of the popular vote in case of a tie in the electoral vote makes it more rather than less likely that a minority President might be elected. No matter how large the popular vote and no matter how much it might be split among rival candidates, the one receiving the slightest plurality would be President. He might conceivably have received far less than half the total votes cast.

To sum up, the proposed change would:

1. Encourage destruction of our two-party system.
2. Encourage minority parties to campaign for legislative representation.
3. Open the way for federal supervision of elections.
4. Increase the possibility of a candidate's winning an electoral majority though he had a popular minority.
5. Increase the possibility that in a tie the President would represent only a minority of the total electorate.



Wright Patman

HARRIS & EWING



Henry Cabot Lodge, Jr.

HARRIS & EWING